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STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES,
EFFICIENCY, AND OPEN GOVERNMENT, 51501
SENATE COMMITTEE ON GOVERNMENT OPERATIONS
ON
THE PROCUREMENT COMMISSION RECOMMENDATIONS
PART C: MAJOR SYSTEMS ACQUISITION

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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear at these hearings
on the 12 recommendations made by the Commission on Government 451
Procurement concerning the acquisition of major systems.

We will comment on:

- the validity of the suggested reforms and their
potential for improving systems acquisition; and
- how to proceed to implement needed changes within
the executive branch of the Government.

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As many of you know, I endorse the 12 recommendations and believe they will, if properly put into use, improve procurement in the defense and civil agencies.

Probably no segment of the Defense budget has received more attention than that part dealing with major systems acquisitions. In March 1973, I proposed a list of recommendations to the House Armed Services Committee. These are presented in Appendix I, and are consistent with the 12 Procurement Commission recommendations presented in Appendix II.

HOW WE SEE THE RECOMMENDATIONS

The 12 recommendations have three basic goals:

- to provide a framework of responsibility in making decisions and in accountability to the public during the acquisition process.
- to introduce competition sooner in the acquisition process.
- to provide better legislative oversight of the acquisition process.

We support these goals. We believe that if the Commission's recommendations are put into effect, this should go far towards achieving the goals.

The 12 recommendations are addressed to five broad objectives:

- Establish needs and goals tied to an agency's mission and reconciled to the congressional budget process.
- Explore alternative systems by supporting basic and applied research separate and apart from system development and by

soliciting a wide range of competitive industry proposals for systems development.

- Limit premature commitments and choose the preferred system after appropriate exploration of alternatives.
- Withhold final approval and congressional commitment until the mission need is reconfirmed and the system's capability to meet that need has been demonstrated through test and evaluation.
- Unify policymaking responsibility and assign authority for technical and business decisions.

ESTABLISHING NEEDS AND GOALS

Recommendations one and two require an agency to establish needs and goals and reconcile these to the congressional budget process. The recommendation on establishing needs and goals would require an agency head, before beginning any new program, to approve the mission, where and to what extent the agency is unable to fulfill this mission, and what resources are to be made available to overcome this mission deficiency.

DOD's position, as stated in April 1975, is that it is informally putting into practice the Commission's intent concerning establishing needs and goals and that additional instructions probably would be necessary to incorporate this formally into its acquisition process.

Under current DOD policy, spelled out in Directive 5000.1, the military services determine their own needs for major acquisitions and they start acquisition programs several

years before the Secretary of Defense is asked to approve the program.

This early activity by the military services involves (1) analyses of mission deficiencies and (2) system conceptual and preliminary design studies. The studies eventually mature into operational requirements for identifiable hardware.

In a study of various operational requirements that grew out of early systems activity, the Commission found that the military services went beyond the identification of a mission deficiency and outlined the preferred solution in considerable detail. As illustrated on pages 99 and 121 of the Commission's report, the operational requirements described the specific kind of system, the technology involved, some of the subsystems and main design features, and specified the required performance characteristics.

For example, during a 5-year period, preceding the first Secretary of Defense decision, the Air Force spent about \$140 million on such studies to develop the operational requirements and specifications for the B-1.

The Commission also studied 12 decision papers which the military services presented to the Secretary of Defense on his first approval (DSARC I). The papers consistently lacked substantive alternatives and focused on a pre-selected system. Usually the alternatives to selecting the preferred system were:

- cancel and rewrite requirements;
- cancel and do more studies;

--cancel and upgrade existing systems; or

--cancel and develop joint service requirements.

On page 137 of the Commission's report are other examples of weapons systems pre-selected this way. These examples include the Cheyenne Helicopter, the first Mark 48 Torpedo, the F-111, the F-14, the C-5A, and the F-15.

The military service activity that leads to the Secretary of Defense's initial approval is lengthy and informal and provides little visibility over how and why these early decisions were made.

A major part of the program cost is preset by these early technical decisions on the system solution and its performance characteristics. And, there is usually no further competitive challenge to the system. While the agency head, the OMB, the Congress, and much cost, schedule and performance monitoring do enter the picture, they are all too late to do much about the program, except to question implementation details. Often the agency head and the Congress must continue with the pre-selected system, even if difficulties arise later.

This is the kind of problem the Commission recommendation is intended to correct. We have no reason to believe that the early decision process described above has been changed in any substantive way to implement the recommendation on establishing needs and goals.

Civil agencies echoed DOD's position in that they believe they are informally identifying their needs and goals. However, on two major acquisitions we examined - NASA's Atmospheric Explorer Satellite and FAA's Long-Range Radar - agency officials were unable to furnish us documents which clearly defined the agency mission, the deficiency in accomplishing the mission (need), nor the time, cost and capability parameters within which this need is to be achieved.

On occasion, it may be appropriate that these early decisions on the selection of a system solution may precede the establishment of needs and goals, such as when a technology breakthrough occurs. However, this should be accomplished through the same rigorous evaluative analysis of needs and resources that should accompany a decision to acquire a system after a need is recognized.

DOD supports the second recommendation that congressional committees should consider agency missions, capabilities and deficiencies and the needs and goals for new acquisition programs. The Department feels that application of this recommendation depends heavily on the desire of the appropriate committees of Congress to start its budget review process in this manner. Title VI Section 601 (i) of the Congressional Budget and Impoundment Act--which you sponsored Mr. Chairman--requires:

"...The budget transmittal...shall contain a presentation of budget authority, proposed budget authority, proposed outlays, and descriptive information in terms of -

"(1) a detailed structure of national needs which shall be used to reference all agency missions and programs;

"(2) agency missions; and

"(3) basic programs.

...each agency shall...relate its program to agency missions."

This Act will move the agencies toward a mission-oriented budget approach.

EXPLORING ALTERNATIVE SYSTEMS

The Commission's report recommended:

- supporting general fields of knowledge and a research and development base related to missions, but limiting subsystem development until identified as part of a system candidate to meet a specific operational need;
- creating alternate systems by soliciting industry proposals;
- sponsoring the most promising candidates;
- allocating exploratory R&D funds by mission areas; and,
- maintaining system competition between contractors exploring system concepts.

The intent of the caution on subsystem development is to promote better system/subsystem integration, reduce the tendency of the agency to select subsystems to be used thus constraining early design efforts.

The solicitation of industry proposals would include smaller firms who have personnel experienced in major development and

production activities. The most promising candidates would be sponsored by allocating R&D funds by mission area on an annual fixed level award basis.

DOD indicated that it has always supported research and technology development in those areas where it has responsibility but believes there are instances where subsystem development should be allowed to precede system development.

We believe that when new subsystem development is carried too far, competition may be unduly restricted and some design latitude lost. Also, heavy investment in subsystem development could produce a system solution that is not responsive to mission needs.

DOD considers that exploring alternative systems would sometimes delay the development effort and may waste time and resources. As an example, it cited that it is unlikely that air superiority can be achieved with anything other than an aircraft firing either guns or missiles.

In our opinion the intent of the recommendation is to avoid deciding on a solution until at least initially offered alternative candidates have been considered. Exploration of alternative systems by industry, including smaller firms, will introduce competition earlier in the acquisition process and extend this competition into exploratory development. Exploring alternative systems at this point in the process would be neither costly nor time consuming.

Financing exploration of alternative systems by mission areas and limiting R&D commitments to fixed annual dollar ceilings will, in our opinion, provide early cost control.

CHOOSING A PREFERRED SYSTEM

The Commission proposed basing the selection of a system on the competitive demonstration of the alternative candidates, or--if it was decided to concentrate development resources on a single system--the agency head would have to approve in advance this noncompetitive approach.

The intent of these recommendations is to limit premature commitments by having competitors prove the soundness and practicality of a chosen technical approach. When it is decided to concentrate development resources on a single system, all the needed technical know-how should be acquired, a strong program office should be established, and contractors with proven capabilities should be selected.

DOD believes they are now informally applying the intent of these recommendations.

SYSTEM IMPLEMENTATION

The fourth category of recommendations is intended to assure that before any commitment is made to proceed into full production, a reevaluation is made of the agency's mission needs and it is determined that the new system will meet that need. It also calls for flexibility and judgment in applying procurement and management regulations and policy.

The determination of whether the new system meets the mission need should be made by a test and evaluation group independent of the developer and user. Over the past few years DOD has improved its operational test and evaluation capability. In DOD's opinion, the present DOD Directive 5000.3 on test and evaluation is fully consistent with the Commission recommendation. We are in the process of reviewing the activities of the military services operational test organizations and how they comply with the recommendations.

The Commission stated that simplified contractual arrangements should be developed which permit sound judgment and management flexibility; and that priced production options may be advantageous and should be permitted when development and test efforts have minimized uncertainties.

DOD contends that it has a measure of flexibility in its contractual arrangements and in the management of programs. DOD said its policy of including priced production options in development contracts was dropped because of experience in the C-5A program. It added that while DOD Directive 5000.1 dated July 13, 1971, prohibits use of the total package procurement concept or production options in development contracts, only a minor change in the Directive would be required to implement the recommendation.

In our opinion, priced production options are useful when critical test milestones have reduced the risk to the point that the remaining development work is relatively straightforward.

ORGANIZATION AND MANAGEMENT

The fifth category involves unifying policymaking responsibility and assigning authority for technical and business management decisions to agency components. However, the agency head is to make four key decisions-approving the mission needs and goals, approving alternative systems for demonstration, approving the preferred system for final development, and approving full production.

There seems to be some confusion as to what is meant by "agency head." Some officials believe agency head and component head can be used interchangeably. The Commission was referring to the Secretary of the Department as the agency head and not the head of a component within the Department. The distinction is critical with respect to the delegation of authority for technical and program decisions. Delegating

the four key decisions to a component head within the Department could result in a premature commitment to a system that is oriented to the way the component perceives its role rather than a system that is oriented to the overall agency mission need.

There is a basic difference between the Procurement Commission recommendations and DOD policy with respect to certain key decisions. Under DOD policy, the military services --not the Office of the Secretary of Defense--have the authority to begin a new development program and move it along to a point in the development cycle where it can be justified to the Secretary as a new acquisition. When this happens, the acquisition decision made by the Secretary of Defense is primarily acceptance of the recommendation made by the military service. The danger in this practice is that the development will have proceeded so far that as a practical matter the Secretary has little choice but to endorse the military service's proposal.

ACTIONS TAKEN SINCE THE COMMISSION REPORT

Under the Executive Branch program set up in 1973 to respond to the Commission recommendations, an interagency steering group led by the Department of Defense reported its evaluation of the major systems recommendations. This report, rendered in January 1974, generally concurred with the 12 recommendations and proposed that each agency adopt the policy intent of the recommendations. The report said many of the recommendations were being implemented where applicable and that the underlying policy represented a valuable reference against which all agencies can examine its systems acquisition process continuously. In mid-1974, most of the executive agencies, including the DOD, endorsed the interagency steering group report. However, an independent analysis by GSA and our own analysis reported to the Congress in July of that year concluded that the steering group's claims of implementation were unsupported and that no formal implementations of the recommendations were contemplated.

In January 1975 this entire matter was referred to the new Office of Federal Procurement Policy. As a first step, it asked Deputy Secretary Clements to put into effect the steering group's proposal. I might add that at the same time the Secretary of Defense published the following remarks in his annual posture statement:

We support all of the recommendations with minor modifications***. These recommendations generally reflect existing Department of Defense policies and procedures; thus we do not foresee any significant difficulties in implementing them within the Department of Defense.

In order to meet an OFPP deadline of April 1975 an unofficial outline of an implementation plan was furnished by the Office of the Director of Defense Research and Engineering (DDR&E). The outline differs from the steering group proposal in that it recognizes formal implementation still remains to be accomplished on some of the recommendations. According to the outline some recommendations have been implemented informally, and others are recognized in DOD policy directives. DOD cites, for example, that it has initiated competitive hardware programs and now has independent test and evaluation capabilities in each military service.

We believe that some of the Commission's recommendations bearing on the later stages of the systems acquisition process are being implemented within DOD, although we can not testify in detail today as to the full extent. On the other hand, as I said earlier, the recommendations bearing on the early, more formative, stages of system acquisition are not included in DOD policy directives or in the formal decision process used by the Secretary of Defense.

Based on the outline received from DDR&E and additional inputs from the military services and civil agencies, the OFPP has under development a draft OMB circular to establish Government-wide policies for systems acquisition. OFPP has informed us that this draft circular will be made available to your Subcommittee as a part of the Administrator's testimony which follows.

Civil Agencies

To determine progress and problems associated with implementing the recommendations on major civil acquisitions we sought to obtain information from the Departments of the Interior, Treasury, and Transportation; the Energy Research and Development Agency, Army Corps of Engineers and National Aeronautics and Space Administration.

Primarily, we wanted to know:

- Does the agency have a definition of what constitutes a major systems acquisition?
- Which programs constitute major systems acquisitions?
- What is being done to implement the recommendations?
- Have milestones been established for implementing the recommendations?

The Department of Transportation was the only agency to have a definition of a major systems acquisition. They

say it is any project estimated to cost \$1 million in research and development or \$10 million in production.

Each of the agencies, except NASA, believe they have major systems acquisitions. NASA officials told us they do not have major systems acquisitions, only large research and development projects--defined as encompassing design, development, fabrication and test, and if applicable, flight operations. In our opinion, considering the importance and cost of NASA's programs, they should be considered major acquisitions in the context of the intent of the Procurement Commission recommendations.

Officials of the civil agencies said formal action was not being taken at this time to implement the recommendations. However, the agencies indicated that in normal day-to-day management of their programs, they comply with the intent of the 12 recommendations.

If the agencies were permitted flexibility in deciding which major system acquisitions are susceptible to the 12 recommendations and could use discretion in applying them, they believe they would not encounter too many problems. We believe that if agencies are permitted to selectively implement the recommendations, those key recommendations directed toward exploring alternative system candidates will probably be the ones least likely to be implemented.

These are the ones that require the most significant change from the present practices.

Most agency officials we talked with apparently did not understand the basic intent of the recommendations. For example, most stated that the recommendations would be too expensive to implement, and that parallel development effort and a sophisticated independent test and evaluation program were needed. They construed parallel development as requiring complete development of different solutions rather than carrying competitive design efforts as far as beneficial.

Agency officials said also the recommendations are directed primarily to DOD major systems acquisitions and do not apply to civil acquisitions, especially those where large production is not contemplated. Because of these viewpoints, we were unable to obtain meaningful opinions on what difficulties would be encountered in implementing the recommendations.

We selected NASA's Atmosphere Explorer Satellite and DOT's Long-Range Radar acquisition programs and discussed the recommendations as they applied to these programs. Based on limited work to date it is our opinion that the agencies are not fully implementing the recommendations. For example, although some statement of need is usually available, we do not believe these statements are appropriate statements of needs

and goals reconciled with overall agency capabilities and resources. On the recommendations concerned with exploring of alternative systems, it appears that both agencies are making premature system commitments and exploring only alternatives within a particular system approach.

SUMMARY

Except for some progress made by DOD on recommendations C-7 through C-10 dealing with choosing a preferred system and system implementation, there has been little progress by the executive branch in formally implementing the major systems acquisition recommendations. Although many of the agencies, including DOD, believe that they are informally implementing some of the recommendations they appear to be waiting for the Office of Federal Procurement Policy to establish policy and to decide on a course of action before instituting formal changes in their directives.

Such formal changes in DOD should include new or revised policy directives which provide early visibility to the Secretary of Defense on new programs tied to defined missions, to mission deficiencies and to capabilities needed to accomplish the mission. The Directives should also provide for full consideration of alternatives by all levels including the Office of the Secretary

of Defense. The Secretary is not now normally exposed to a program until a system solution is identified by one of the military services.

Because of the vast expenditures involved in the acquisition of large systems, and their importance in meeting national needs--and especially in view of the 2 1/2 years that have elapsed since the Commission made its recommendations--we believe it is essential that the Executive Branch increase its efforts to implement the Commission's proposals.

Hopefully, OFPP will be a catalyst in advancing the understanding of all Executive Branch agencies on the intent of the recommendations so that a uniformly understood policy can be established and agreement on implementation by all agencies can be achieved. OFPP is currently developing the circular previously mentioned which contains approaches for implementation of the recommendations.

I hope the Congress will hold hearings at least annually as to progress made and problems encountered. We plan to make progress reports from time to time and provide assistance to Congress in its oversight and legislative role in this important area.

APPENDIX I

RECOMMENDATIONS MADE BY
THE COMPTROLLER GENERAL
TO HOUSE ARMED SERVICES COMMITTEE ON MARCH 28, 1973

1. Obtain OSD, Service, and Congressional agreement on the basic operational need, the fundamental weapon system characteristics, and the expected level of resources to be allocated to that need.
2. Strengthen the staff support to provide the Secretary of Defense with comprehensive and objective analyses of missions and weapons requirements.
3. Extend the span of congressional authorizations--at least for 1 year in advance of the upcoming budget year.
4. Strengthen congressional reviews of weapon budgets by first considering and approving budget totals for major missions. This review will consider the overall needs of the various military missions.
5. Avoid concurrent development and production, and adhere to orderly and sequential design, test, and evaluation.
6. Stress austerity, small design teams, freedom to innovate, and maximum competition in the design phase, with clear separation of development and production. Encourage continuous development of subsystems.
7. Adopt contracting practices and Government/contractor relationships which will encourage the most effective team performance.

8. Continue to improve the Government's capability to develop cost estimates covering the development phase and the production phase of new systems.
9. Emphasize life-cycle costing to gain better perspective on proposed new systems and to strengthen cost-effectiveness analyses.
10. Continue the current strong emphasis on upgrading the competence, stature, and tenure of program managers and procurement specialists.
11. Continue to emphasize operational test and evaluation by establishing in each military department an organization independent of the developer and the user. The senior OSD official in this activity should report to the Secretary of Defense or to his deputy.
12. One of the two Deputy Secretaries of Defense should assume the responsibility for mission analysis and systems acquisition.
13. Improve the planning for maintaining the development and production base.

LIST OF RECOMMENDATIONS
FOR MAJOR ACQUISITIONS
BY COMMISSION ON GOVERNMENT PROCUREMENT

Establishing Needs and Goals

1. Start new system acquisition programs with agency head statements of needs and goals that have been reconciled with overall agency capabilities and resources.
 - (a) State program needs and goals independent of any system product. Use long-term projections of mission capabilities and deficiencies prepared and coordinated by agency component(s) to set program goals that specify:
 - (1) Total mission costs within which new systems should be bought and used
 - (2) The level of mission capability to be achieved above that of projected inventories and existing systems
 - (3) The time period in which the new capability is to be achieved.
 - (b) Assign responsibility for responding to statements of needs and goals to agency components in such a way that either:
 - (1) A single agency component is responsible for developing system alternatives when the mission need is clearly the responsibility of one component; or
 - (2) Competition between agency components is formally recognized with each offering alternative system solutions when the mission responsibilities overlap.

2. Begin congressional budget proceedings with an annual review by the appropriate committees of agency missions, capabilities, deficiencies, and the needs and goals for new acquisition programs as a basis for reviewing agency budgets.

Exploring Alternative Systems

3. Support the general fields of knowledge that are related to an agency's assigned responsibilities by funding private sector sources and Government in-house technical centers to do:

- (a) Basic and applied research
- (b) Proof of concept work
- (c) Exploratory subsystem development.

Restrict subsystem development to less than fully designed hardware until identified as part of a system candidate to meet a specific operational need.

4. Create alternative system candidates by:
 - (a) Soliciting industry proposals for new systems with a statement of the need (mission deficiency); time, cost, and operating constraints of the responsible agency and component(s), with each contractor free to propose system technical approach, subsystems, and main design features.

(b) Soliciting system proposals from smaller firms that do not own production facilities if they have:

(1) Personnel experienced in major development and production activities

(2) Contingent plans for later use of required equipment and facilities.

(c) Sponsoring, for agency funding, the most promising system candidates selected by agency component heads from a review of those proposed, using a team of experts from inside and outside the agency component development organization.

5. Finance the exploration of alternative systems by:

(a) Proposing agency development budgets according to mission need to support the exploration of alternative system candidates.

(b) Authorizing and appropriating funds by agency mission area in accordance with review of agency mission needs and goals for new acquisition programs.

(c) Allocating agency development funds to components by mission need to support the most promising system candidates. Monitor components' exploration of alternatives at the agency head level through annual budget and approval reviews using updated mission needs and goals.

6. Maintain competition between contractors exploring alternative systems by:
 - (a) Limiting commitments to each contractor to annual fixed-level awards, subject to annual review of their technical progress by the sponsoring agency component.
 - (b) Assigning agency representatives with relevant operational experience to advise competing contractors as necessary in developing performance and other requirements for each candidate system as tests and tradeoffs are made.
 - (c) Concentrating activities of agency development organizations, Government laboratories, and technical management staffs during the private sector competition on monitoring and evaluating contractor development efforts, and participating in those tests critical to determining whether the system candidate should be continued.

Choosing a Preferred System

7. Limit premature system commitments and retain the benefit of system-level competition with an agency head decision to conduct competitive demonstration of candidate systems by:
 - (a) Choosing contractors for system demonstration depending on their relative technical progress,

8. Obtain agency head approval if an agency component determines that it should concentrate development resources on a single system without funding exploration of competitive system candidates. Related actions should:
 - (a) Establish a strong centralized program office within an agency component to take direct technical and management control of the program.
 - (b) Integrate selected technical and management contributions from in-house groups and contractors.
 - (c) Select contractors with proven management, financial, and technical capabilities as related to the problems at hand. Use cost-reimbursement contracts for high technical risk portions of the program.
 - (d) Estimate program cost within a probable range until the system reaches the final development phase.

System Implementation

9. Withhold agency head approval and congressional commitments for full production and use of new systems until the need has been reconfirmed and the system performance has been tested and evaluated in an environment that closely approximates the expected operational conditions.
 - (a) Establish in each agency component an operational test and evaluation activity separate from the developer and user organizations.

remaining uncertainties, and economic constraints.

The overriding objective should be to have competition at least through the initial critical development stages and to permit use of firm commitments for final development and initial production.

(b) Providing selected contractors with the operational test conditions, mission performance criteria, and lifetime ownership cost factors that will be used in the final system evaluation and selection.

(c) Proceeding with final development and initial production and with commitments to a firm date for operational use after the agency needs and goals are reaffirmed and competitive demonstration results prove that the chosen technical approach is sound and definition of a system procurement program is practical.

(d) Strengthening each agency's cost estimating capability for:

- (1) Developing lifetime ownership costs for use in choosing preferred major systems

- (2) Developing total cost projections for the number and kind of systems to be bought for operational use

- (3) Preparing budget requests for final development and procurement.

(b) Continue efforts to strengthen test and evaluation capabilities in the military services with emphasis on:

- (1) Tactically oriented test designers
- (2) Test personnel with operational and scientific background
- (3) Tactical and environmental realism
- (4) Setting critical test objectives, evaluation, and reporting.

(c) Establish an agencywide definition of the scope of operational test and evaluation to include:

- (1) Assessment of critical performance characteristics of an emerging system to determine usefulness to ultimate users
- (2) Joint testing of systems whose missions cross service lines
- (3) Two-sided adversary-type testing when needed to provide operational realism
- (4) Operational test and evaluation during the system life cycle as changes occur in need assessment, mission goals, and as a result of technical modifications to the system.

10. Use contracting as an important tool of system acquisition, not as a substitute for management of acquisition programs. In so doing:

(a) Set policy guidelines within which experienced personnel may exercise judgment in selectively applying detailed contracting regulations.

(b) Develop simplified contractual arrangements and clauses for use in awarding final development and production contracts for demonstrated systems tested under competitive conditions.

(c) Allow contracting officials to use priced production options if critical test milestones have reduced risk to the point that the remaining development work is relatively straightforward.

Organization and Management

11. Unify policymaking and monitoring responsibilities for major system acquisitions within each agency and agency component. Responsibilities and authority of unified offices should be to:

(a) Set system acquisition policy.

(b) Monitor results of acquisition policy.

(c) Integrate technical and business management policy for major systems.

(d) Act for the secretary in agency head decision points for each system acquisition program.

(e) Establish a policy for assigning program managers when acquisition programs are initiated.

(f) Insure that key personnel have long-term experience in a variety of Government/industry system acquisition activities and institute a career program to enlarge on that experience.

(g) Minimize management layering, staff reviews, coordinating points, unnecessary procedures, reporting, and paperwork on both the agency and industry side of major system acquisitions.

12. Delegate authority for all technical and program decisions to the operating agency components except for the key agency head decisions of:

(a) Defining and updating the mission need and the goals that an acquisition effort is to achieve.

(b) Approving alternative systems to be committed to system fabrication and demonstration.

(c) Approving the preferred system chosen for final development and limited production.

(d) Approving full production release.